

services prohibited by the new Federal law. The only fact of the matter is that nobody can provide any clear guidance on this issue.

The technical corrections bill I am introducing today would provide for continued State or local economic regulation of intrastate nonconsensual tow services. This bill is very similar to the measure recently introduced by the distinguished Senator KAY BAILEY HUTCHISON and is supported by many State towing associations, including those in Texas and California.

Again, in my view, the intent of section 601 was to address issues relating to the transportation by motor carrier of general freight and express small packages. I do not believe there was any intent to affect the ability of a police department or municipality to regulate tow truck operations in order to protect citizens from the occasional instances of unscrupulous pricing practices that give the entire industry a black eye.

Mr. Speaker, I do not believe this legislation should pose any controversy. Again, it simply clarifies the intent of Congress in enacting section 601 of the Federal Aviation Administration Authorization Act of 1994.

ADMINISTRATION IGNORED PESO WARNINGS

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 8, 1995

Mr. HAMILTON. Mr. Speaker, I would like to call to the attention of Members a column published in last Sunday's Washington Post that highlights the foresight of our colleague, JOHN LAFALCE, in raising the issue of the exchange rate of the Mexican peso during the United States debate on NAFTA. As the column makes clear, Congressman LAFALCE presciently warned in May and June 1993 that the benefits to the United States of expanded trade with Mexico could be threatened by a devaluation of the peso. Congressman LAFALCE's suggestion that the United States consider a supplemental NAFTA agreement on exchange rate coordination seems very wise in retrospect.

The Post article raises several other important questions about the United States plan to help stabilize the Mexican economy. These questions deserve consideration by all Members, including those whom support U.S. assistance.

The Washington Post article follows:

[From the Washington Post, Feb. 5, 1995]

ADMINISTRATION IGNORED PESO WARNINGS
(By Hobart Rowen)

Rep. John J. LaFalce (D-N.Y.) has a right to say, "I told you so." At a May 20, 1993, congressional hearing on NAFTA, LaFalce warned that the expected benefits to the U.S. economy from the new trade treaty with Mexico and Canada could go up in smoke if the Mexican government devalued the peso.

Supported by a number of prominent U.S. and Mexican economists who predicted that peso devaluation was inevitable, LaFalce—who had wide experience in this field—begged the Clinton administration to recognize that the North American Free Trade Agreement provided no method to coordinate the two countries' monetary policies.

On June 9, 1993, LaFalce wrote President Clinton (and separately, Treasury Secretary Lloyd Bentsen and other Cabinet members):

"I believe it imperative that the United States pursue a fourth supplemental agreement that recognizes the importance and impact of exchange rates on the operation of NAFTA . . . perhaps creating a mechanism that would allow for consultation, coordination, and corrections if necessary."

It made good sense, but Clinton & Co. didn't listen. When consulted, the Federal Reserve Board, the World Bank and the International Monetary Fund pooh-poohed the possibility of a peso devaluation. White House political aides, already flustered by the need to get side agreements for NAFTA on the environmental and labor conditions, didn't want further complications.

Failure to stabilize the dollar-peso rate may prove to be the worst mistake so far of the Clinton presidency. The Institute for International Economics, which issued a highly influential pro-NAFTA report, also missed the boat. IIE senior fellow John Williamson, who like LaFalce agreed something should be done to ensure a stable peso-dollar rate, admitted that when the IIE reported on NAFTA was published, the monetary issue "slipped through the cracks."

If Clinton and his advisers had paid attention to LaFalce and his supporters, he might not now be engaged in an indefensible bailout of Wall Street investors, including major mutual fund managers who made greedy, high-yield gambles in Mexico after the passage of NAFTA.

Clinton's revamped \$53 billion rescue plan for Mexico, which he can put through on his executive authority, may be worse than the original plan for \$40 billion in loan guarantees, because it would appear that there will be more pure loans and fewer guarantees. But as former FDIC chairman L. William Seidman wisecracked, "at least we're in for \$20 [billion] instead of \$40!"

Among investments that will be bailed out are those that offered interest returns of 15 percent to a reported 50 percent in peso-denominated bonds. But these bonds crashed when the peso dropped more than 40 percent against the dollar, just as LaFalce had warned could happen. But now the peso bonds will be propped up by Clinton's \$53 billion, made up of \$20 billion from the Treasury's stabilization fund, \$17.5 billion in loans from the IMF and the rest from other global lenders, notably \$10 billion from the Bank for International Settlements in Europe.

The operative result of dumping all this money into Mexico is that foreign investors, including the Wall Streeters, can collect their huge interest payments, then get out while the getting is good. Mexico won't be paying the bill. Clinton and U.S. taxpayers will pick up the check.

"This is basically what everyone on Wall Street was after all along—a vehicle to get out of their peso-denominated assets at a preferential rate," Walter Todd, a former Fed official told The Washington Post. "Clinton has provided it to them."

Senate Majority Leader Robert J. Dole (R-Kan.), who is backing the Clinton plan, said last week that if the money is paid out and doesn't come back, "we'll have to make an appropriation to replace it."

In an extraordinary column in the Wall Street Journal on Jan. 26, New York financier Henry Kaufman hinted at a huge Wall Street coverup, in which the entire financial community was engaged in "suppressing critical evaluation" of Mexico's true economic condition.

Mutual funds became an especially important conduit [for investor-speculators], without calling attention to the potential volatility in their emerging market portfolios, should liquidity problems develop," Kaufman said.

In other words, many small investors were suckered into Mexico, through mutual funds, lured by the promise of double-digit returns there and in other "emerging markets." No one—not in the Treasury, the IMF, the Fed, the SEC—issued a word of caution.

But the first rule of investing is that if an abnormal return is promised, there must be an abnormal risk.

LaFalce told me at the end of the week that the administration had refused to acknowledge the palpable deterioration of the Mexican economy all through 1994 because it was fearful of exacerbating the Chiapas rebellion; because of Clinton's effort to push former president Carlos Salinas de Gortari as the head of the new World Trade Organization; and because it might jeopardize the then-upcoming vote on GATT.

So the administration didn't tell truth about Mexico.

LaFalce believes that tapping the Treasury's stabilization fund "stretches the president's authority to the outer limits." But, he sighs, "it's a fait accompli and I won't quarrel with him."

POLITICAL PRISONERS RELEASED IN BURMA

HON. BILL RICHARDSON

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 8, 1995

Mr. RICHARDSON. Mr. Speaker, I would like to draw my colleagues attention to the fact that over the past 2 days the ruling military government in Burma, the State Law and Order Restoration Council [SLORC], has released many prisoners of conscience. In particular, I was pleased to know that on February 6 SLORC released Win Thein, a former political adviser to Aung San Suu Kyi. I met with Win Thein at his prison complex last February and I am heartened to know that he was released on the eve of the anniversary of my trip to Rangoon and my meeting with Aung San Suu Kyi.

I believe that the release of Win Thein and the many other political prisoners is a positive step in Burma. I continue to hold out hope for the release of Aung San Suu Kyi and all prisoners of conscience in Burma.

INTRODUCTION OF THE TICKET FEE DISCLOSURE ACT OF 1995

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 8, 1995

Mr. DINGELL. Mr. Speaker, I am pleased to introduce today, along with my colleagues, Mr. CONDIT, Mr. MOORHEAD, and Mr. OXLEY, the Ticket Fee Disclosure Act of 1995. This legislation, if enacted, will provide American consumers appropriate and timely disclosure of convenience fees, service charges, and other amounts often added to the face value of entertainment and sporting event tickets, including huge profit markups by so-called ticket brokers and others who sell tickets on the secondary market. It also will result in a comprehensive report to the Congress from the Federal Trade Commission on practices by